



DEPARTMENT OF PERSONNEL

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MEMO PERD #39/02

December 13, 2002

TO: Agency Personnel Liaisons
Agency Personnel Representatives
Agency Payroll Clerks

FROM: Jeanne Greene, Director
Department of Personnel

SUBJECT: Payroll Overpayments

We continue to work diligently to reduce payroll overpayments and collect on past due overpayment accounts. It is imperative that we work together in this effort. The Department of Personnel assumes the responsibility to develop policies, procedures and tools to facilitate this process; however, to be successful in this endeavor we need agency commitment and active participation. This memo addresses four areas of improvement related to payroll overpayments as follows:

- System Edits
- Reconciliation
- Form Letters and Procedures
- Reports

SYSTEM EDITS

New system edits have been designed and will be implemented on December 14, 2002, as agencies enter transactions into ADVANTAGE™- HR for Pay Period 14. These edits will assist system users in recognizing entries that could potentially result in under or overpayments in the following situations:

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1. If an employee is promoted two or more grades, the pay progression date, in most cases, should be changed to correspond with the effective date of the promotion. The system will generate a warning message to notify the agency to check the pay progression date.

Edit: "check pay progression date"

2. An employee should have a Pay Policy and Deduction Policy that correspond with each other, i.e. if the pay policy is PP01 (Employee/Employer Paid Classified), the deduction policy must be PER1E and PER1R (regular employee) or PER2E and PER2R (police/fire employee). The system will now generate a warning for invalid combinations, as well as incomplete information on PENS for EE/ER deduction policies.

Edit: Two potential warning messages will be displayed: On the PENS window "verify second line for EE/ER DED" and on ESMT and PENS windows "Invalid RET OP in PENS".

3. If an employee is enrolled in the Employer Paid retirement plan a warning message is issued on the ESMT if the employee's Pay Policy is changed to correspond to the Employee/Employer Paid retirement plan.

Edit: "Verify PPOL from EE/ER to EE"

4. Those employees who are non-table driven, exception reporters and less than full time should be assigned to a pay class that corresponds to their FTE; i.e. a pay class of E60H should have a corresponding FTE of 0.75% entered in the % Full-Time field on the ESMT. The system will generate a hard edit if valid combinations are not used.

Edit: "Invalid Pay Class CD for %FTE"

5. A special salary adjustment "+5%" must be expired on the ESMT when an employee changes positions or promotes to another position (or experiences a similar qualifying event) and is not eligible for the special salary adjustment any longer. A warning message will be issued in these circumstances to remind the agency to check the Pay Parameter window.

Edit: "Check Pay Parameter Window"

6. Those classifications ineligible to receive time and one-half pay for overtime (Exempt status) are flagged on the Title Table. When a non-exempt pay class code is used on the ESMT the system will generate a hard edit and will not allow the

transaction to be updated until the pay class is changed to correspond with the Exempt title status (pay policies prefaced with an "X")

Edit: "Invalid PPOL for Exempt status"

Please feel free to contact the IFS-HR Help Desk at (775) 684-8696 if you have questions about any of the new edits.

RECONCILIATION

The purpose of this section of the memo is to emphasize the importance of reconciling payroll prior to releasing checks for each cycle. If payroll is not reconciled in a timely manner, agencies run the risk of issuing erroneous paychecks. Also, there is a risk of not having a paycheck available to an employee on payday, which could require the employee to wait until the first business day of the following week to receive a paycheck. We have worked at developing tools, processes, and procedures that will assist agencies in performing these reconciliations efficiently. There are two reconciliations that must be completed each pay cycle **prior to check release** as discussed below:

Time Data Reconciliation

Time data reconciliation ensures that time data has been entered into the system correctly. There are two processes offered for performing this reconciliation as follows:

1. Reconciling timesheets to the Payroll Register.
2. Reconciling timesheets to the HR Data Warehouse.

IFS-HR procedure 01.10.01 for the above reconciliations can be found at www.ifs.state.nv.us under the "Resources/Manuals/IFS-HR Procedures" directory.

The Payroll Register is available for pick up at Central Payroll after 12:00 p.m. on the Monday preceding payday. If it is not practical for agencies to pick up their Payroll Registers Monday afternoon, the HR Data Warehouse has data for reconciliation available first thing Monday morning preceding payday. This gives agencies two or three days to reconcile payroll and provide any corrections or cancellations to Central Payroll as well as submit any correcting documentation (ESMT's, etc.) by the Thursday 10:00 a.m. deadline ensuring corrected checks are available to the employee on Friday.

ESMT (Employee Status Maintenance Transaction) Reconciliation

ESMT reconciliation ensures that employee transactions that affect pay are verified for accuracy in the pay period that the change is first recorded. This reconciliation is extremely important as errors made on an employee transaction could go undetected for a long period of

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time creating large overpayments. It is critical that this reconciliation be performed as soon as the Payroll Registers are available as discussed above. This will allow agencies time to correct checks prior to payday if an error is detected.

For this reconciliation, IFS-HR procedure 01.10.04 can be found at www.ifs.state.nv.us under the "Resources/Manuals/IFS-HR Procedures" directory.

If you have questions relating to the reconciliation processes discussed above, please contact Eric Coffman at (775) 687-3464.

Form Letters and Procedures

Form letters/memos have been developed to provide for time savings and consistency in processing payroll overpayments. IFS-HR Procedure 01.08.03 (Pay Adjustments-Overpayments) has been revised to include instruction on the use of the following new form letters:

- Notification of Overpayment to Employee – This letter must be used to notify an employee of a payroll overpayment. The third page of the letter includes an Acknowledgement of Overpayment/Agreement to Repay, which provides the employee with a "fill in the blank" form for responding to the overpayment.
- Default on Agreement to Repay Payroll Overpayment – This letter must be used to notify an employee when an overpayment agreement has been established and the terms of the agreement are not met due to a missed payment.
- Referral of Payroll Overpayment for Collection – This memo will be used to refer the overpayment to the State Controller's Office for further collection attempts, after the agency has exhausted all efforts available to collect.

IFS-HR procedure 01.08.03 can be found at www.ifs.state.nv.us under the "Resources/Manuals/IFS-HR Procedures" directory. The form letters can be downloaded from www.state.nv.us/personnel/forms.html.

If you have any questions regarding these form letters or procedures, please contact Sarette Mathiesen at (775) 687-3455.

REPORTS

Central Payroll will produce overpayment status reports by department and agency beginning the first week of January 2003. These reports will be distributed to Agency Pay Clerks monthly and Department Directors quarterly. These reports should be reviewed upon receipt to ensure that action is being taken on all accounts.

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In closing, overpayments can be greatly reduced with the implementation of the new system edits in combination with timely reconciliation of personnel/payroll transactions. However, if an overpayment occurs, taking immediate action to collect will increase our chances for repayment. After an overpayment is detected, agencies should follow the process outlined in IFS-HR Procedure 01.08.03, and a repayment should be received or a repayment agreement negotiated within 30 days. If not, the account should be immediately referred to the Controller's Office for further collection attempts.

If you have any suggestions for further improvements that may help reduce or expedite collection of overpayments, please contact Kim Foster at (775) 684-0102.

Thank you for your cooperation in this matter.

JG:cp